

HOUSE BILL 309

Unofficial Copy
R2

2001 Regular Session
(11r0176)

ENROLLED BILL

-- Ways and Means and Appropriations/Budget and Taxation --

Introduced by **The Speaker (Administration) and Delegates Benson, Bronrott,
Burns, C. Davis, Gladden, Howard, Kirk, Marriott, Nathan-Pulliam,
Oaks, Paige, and Shriver**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Transportation - Distribution and Use of Revenues**

3 FOR the purpose of ~~requiring the Comptroller to distribute certain income tax~~
4 ~~revenues from corporations to the Transportation Trust Fund for certain fiscal~~
5 ~~years; altering the distribution of certain sales and use tax revenues on~~
6 ~~short-term vehicle rentals to the Transportation Trust Fund for a certain~~
7 ~~period; providing that certain revenues shall be credited to the Gasoline and~~
8 ~~Motor Vehicle Revenue Account in the Transportation Trust Fund; requiring the~~
9 ~~Motor Vehicle Administration to deposit certain security interest filing fees into~~
10 ~~the Transportation Trust Fund for certain fiscal years; requiring certain fees~~
11 ~~collected for certain personalized registration plates to be paid into the~~
12 ~~Transportation Trust Fund for certain fiscal years; requiring altering the~~
13 ~~distribution of certain penalties for termination or lapse of the required security~~
14 ~~for a vehicle to be distributed to the Transportation Trust Fund for certain fiscal~~
15 ~~years; repealing a certain distribution to the Transportation Trust Fund relating~~

1 ~~to a certain tax credit; providing that certain revenues are not pledged and may~~
 2 ~~not be pledged to the repayment of certain bonds; providing that a certain~~
 3 ~~distribution of sales and use tax revenues to the Transportation Trust Fund is not~~
 4 ~~part of a certain tax that is pledged to the repayment of certain transportation~~
 5 ~~bonds and is not part of a certain account in the Transportation Trust Fund;~~
 6 correcting a certain reference; authorizing the Mass Transit Administration to
 7 exempt certain new mass transit services and fare modifications for a certain
 8 period from certain fare recovery requirements; authorizing the Secretary of
 9 Transportation to make certain payments to Prince George's and Montgomery
 10 counties for certain new bus service and fare modifications for a certain period;
 11 ~~providing for a delayed effective date for certain provisions of this Act; providing~~
 12 ~~that certain additional revenues are intended to include amounts sufficient to~~
 13 ~~compensate the Transportation Trust Fund for certain reductions in revenues~~
 14 ~~resulting from a certain credit; providing that notwithstanding certain~~
 15 ~~provisions of this Act, a certain distribution shall be made for certain fiscal~~
 16 ~~years, subject to a certain exception; authorizing the Department of~~
 17 ~~Transportation to submit a budget amendment to increase the operating budget~~
 18 ~~appropriation for a certain transit initiative under certain circumstances;~~
 19 ~~stating a certain intent of the General Assembly regarding certain transit fares;~~
 20 ~~requiring the Department of Transportation to submit a certain report to certain~~
 21 ~~committees of the General Assembly; and generally relating to the distribution of~~
 22 revenues to, and use ~~the~~ of revenues in, the Transportation Trust Fund.

23 BY repealing

24 Article - Transportation
 25 Section 17-106(e)(2)
 26 Annotated Code of Maryland
 27 (1999 Replacement Volume and 2000 Supplement)

28 BY repealing and reenacting, with amendments,

29 Article - Tax - General
 30 Section ~~2-616~~ and 2-1302.1
 31 Annotated Code of Maryland
 32 (1997 Replacement Volume and 2000 Supplement)

33 BY repealing and reenacting, with amendments,

34 Article - Transportation
 35 Section ~~3-215(b) and (d)~~, 7-208(b), 8-402, and 10-207(b)
 36 Annotated Code of Maryland
 37 (1993 Replacement Volume and 2000 Supplement)

38 BY repealing and reenacting, without amendments,

39 Article - Transportation
 40 Section 10-207(a)
 41 Annotated Code of Maryland
 42 (1993 Replacement Volume and 2000 Supplement)

1 BY repealing and reenacting, with amendments,
 2 Article - Transportation
 3 Section 13-208 and 13-613(d)
 4 Annotated Code of Maryland
 5 (1999 Replacement Volume and 2000 Supplement)

6 BY adding to
 7 Article - Transportation
 8 Section 17-106(e)(2)
 9 Annotated Code of Maryland
 10 (1999 Replacement Volume and 2000 Supplement)

11 ~~SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF~~
 12 ~~MARYLAND, That the Laws of Maryland read as follows:~~

13 ~~SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF~~
 14 ~~MARYLAND, That Section(s) 17-106(e)(2) of Article - Transportation of the~~
 15 ~~Annotated Code of Maryland be repealed.~~

16 ~~SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland~~
 17 ~~read as follows:~~

18 **Article - Tax - General**

19 ~~2-616.~~

20 ~~After making the distributions required under §§ 2-613 through 2-615 of this~~
 21 ~~subtitle, FROM THE REMAINING INCOME TAX REVENUE FROM CORPORATIONS, the~~
 22 ~~Comptroller shall distribute monthly THE FOLLOWING PERCENTAGES:~~

23 ~~(1) 16% [of the remaining income tax revenue from corporations] to the~~
 24 ~~Gasoline and Motor Vehicle Revenue Account in the Transportation Trust Fund[.];~~
 25 ~~AND~~

26 ~~(2) 16% FOR FISCAL YEARS 2003 THROUGH 2007 ONLY, 5.33% TO THE~~
 27 ~~TRANSPORTATION TRUST FUND.~~

28 ~~2-1302.1.~~

29 ~~(a) After FOR THE PERIOD FROM JANUARY 1, 2002 THROUGH JUNE 30, 2002~~
 30 ~~AND FOR FISCAL YEARS BEGINNING ON OR AFTER JULY 1, 2002 BUT BEFORE JULY 1,~~
 31 ~~2007, AFTER making the distributions required under §§ 2-1301 and 2-1302 of this~~
 32 ~~subtitle, the Comptroller monthly shall distribute [45% of] the sales and use tax~~
 33 ~~collected on short-term vehicle rentals under § 11-104(e) of this article AS FOLLOWS:~~

34 ~~(1) 36% to the GASOLINE AND MOTOR VEHICLE REVENUE ACCOUNT IN~~
 35 ~~THE Transportation Trust Fund established under [§ 3-216] § 8-402 of the~~
 36 ~~Transportation Article; AND~~

1 (2) The income tax revenue distributed under §§ 2-614 and 2-616 of the
2 Tax - General Article;

3 (3) The excise tax imposed on vehicles by Part II of Title 13, Subtitle 8 of
4 this article; and

5 (4) The sales and use tax revenues distributed under ~~§ 2-1302.1~~ §
6 2-1302.1(A) of the Tax - General Article.

7 ~~(d) (1) [The] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SECTION;~~
8 ~~THE tax levied and imposed by this section is irrevocably pledged to the payment of~~
9 ~~the principal of and interest on consolidated transportation bonds as they become due~~
10 ~~and payable, and no part of the tax or other funds applicable to debt service on the~~
11 ~~bonds may be repealed, diminished, or applied to any other purpose until;~~

12 ~~(1) (i) The bonds and the interest on them have become due and fully~~
13 ~~paid; or~~

14 ~~(2) (ii) Adequate and complete provision for payment of the principal~~
15 ~~and interest has been made.~~

16 ~~(2) (i) IN THIS PARAGRAPH, "UNPLEDGED REVENUES" MEANS:~~

17 ~~1. THE INCOME TAX REVENUE DISTRIBUTED TO THE~~
18 ~~TRANSPORTATION TRUST FUND UNDER § 2-616(2) OF THE TAX - GENERAL ARTICLE;~~

19 ~~2. 86% OF THE SALES AND USE TAX REVENUE DISTRIBUTED~~
20 ~~TO THE TRANSPORTATION TRUST FUND UNDER § 2-1302.1(A)(2) OF THE TAX -~~
21 ~~GENERAL ARTICLE;~~

22 ~~3. THE PORTION OF SECURITY INTEREST FILING FEES~~
23 ~~DISTRIBUTED TO THE TRANSPORTATION TRUST FUND UNDER § 13-208(A) OF THIS~~
24 ~~ARTICLE;~~

25 ~~4. THE PORTION OF ADDITIONAL FEES FOR PERSONALIZED~~
26 ~~REGISTRATION PLATES DISTRIBUTED TO THE TRANSPORTATION TRUST FUND~~
27 ~~UNDER § 13-613(D)(3) OF THIS ARTICLE; AND~~

28 ~~5. THE PORTION OF THE PENALTY FOR TERMINATION OR~~
29 ~~LAPSE OF THE REQUIRED SECURITY FOR A VEHICLE DISTRIBUTED TO THE~~
30 ~~TRANSPORTATION TRUST FUND UNDER § 17-106(E)(2) OF THIS ARTICLE.~~

31 ~~(ii) THE UNPLEDGED REVENUES ARE NOT PLEDGED AND MAY NOT~~
32 ~~BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON~~
33 ~~CONSOLIDATED TRANSPORTATION BONDS.~~

34 8-402.

35 (a) There is a Gasoline and Motor Vehicle Revenue Account in the
36 Transportation Trust Fund.

1 (b) All revenues collected from the following, after deductions provided by law,
2 shall be credited to the Gasoline and Motor Vehicle Revenue Account:

3 (1) All of the motor vehicle fuel tax;

4 (2) Except as otherwise provided by law, 80 percent of the vehicle titling
5 tax;

6 (3) Except for revenues collected under Parts III and IV of Title 13,
7 Subtitle 9 of this article, vehicle registration fees;

8 (4) The revenue disbursed to this account under §§ 2-614 and
9 [2-617(1)] ~~2-616(4)~~ 2-616 of the Tax - General Article; and

10 (5) 80 percent of the funds distributed ON SHORT-TERM VEHICLE
11 RENTALS under [§ 2-1302.1] § 2-1302.1(A) of the Tax - General Article to the
12 Transportation Trust Fund from the sales and use tax.

13 ~~(5) [80 percent of the funds distributed under § 2-1302.1 of the Tax -~~
14 ~~General Article to the Transportation Trust Fund from the sales and use tax] THE~~
15 ~~REVENUE DISBURSED TO THIS ACCOUNT UNDER § 2-1302.1(A)(1) OF THE TAX -~~
16 ~~GENERAL ARTICLE.~~

17 ~~(5) (I) FOR THE PERIOD FROM JANUARY 1, 2002 THROUGH JUNE 30,~~
18 ~~2002 AND FOR FISCAL YEARS BEGINNING ON OR AFTER JULY 1, 2002 BUT BEFORE~~
19 ~~JULY 1, 2007, THE REVENUE DISBURSED TO THIS ACCOUNT UNDER § 2-1302.1(A)(1) OF~~
20 ~~THE TAX - GENERAL ARTICLE; AND~~

21 ~~(II) FOR THE PERIOD FROM JULY 1, 2001, THROUGH DECEMBER 31,~~
22 ~~2001 AND FOR FISCAL YEARS BEGINNING ON OR AFTER JULY 1, 2007, 80% OF THE~~
23 ~~FUNDS DISTRIBUTED TO THE TRANSPORTATION TRUST FUND FROM THE SALES AND~~
24 ~~USE TAX UNDER § 2-1302.1(B) OF THE TAX - GENERAL ARTICLE.~~

25 (c) (1) During each fiscal year, the Account shall be used to pay the
26 allocations of highway user revenues provided by this subtitle to the counties,
27 municipalities, and Baltimore City; and

28 (2) The balance of the Account may be used as provided in § 3-216 of this
29 article.

30 13-208.

31 (a) (1) [The Administration shall deposit \$14 of] FOR EACH FISCAL YEAR
32 BEGINNING ON OR AFTER JULY 1, 2002 BUT BEFORE JULY 1, 2007, EXCEPT AS
33 PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, OF each filing fee received under
34 this subtitle, THE ADMINISTRATION SHALL DEPOSIT \$9 IN THE TRANSPORTATION
35 TRUST FUND AND \$5 in the General Fund.

1 (2) ~~FOR THE FISCAL YEAR BEGINNING JULY 1, 2001 AND EACH FISCAL~~
2 ~~YEAR BEGINNING ON OR AFTER JULY 1, 2007, OF EACH FILING FEE RECEIVED UNDER~~
3 ~~THIS SUBTITLE, THE ADMINISTRATION SHALL DEPOSIT \$14 IN THE GENERAL FUND.~~

4 (b) For each fiscal year, the Comptroller shall distribute to Baltimore City an
5 amount equal to \$5 [for] OF THE GENERAL FUND PORTION OF each filing fee
6 received under this subtitle.

7 13-613.

8 (d) Except as provided in subsection (e) of this section, of the proceeds
9 collected annually from the additional fees charged under this section:

10 (1) The first \$180,000 shall be paid into a special fund administered by
11 the Maryland Higher Education Commission for use in the medical, dental, legal,
12 nursing, social work, and pharmaceutical scholarship programs provided by this
13 State;

14 (2) The next \$200,000 shall be used solely for the purposes of the
15 scholarship program authorized by §§ 18-1101 through 18-1105 of the Education
16 Article [of the Code]; and

17 (3) Except as otherwise provided by law, any balance shall be [paid
18 directly into the general funds of this State] DISTRIBUTED:

19 (I) ~~TO THE GENERAL FUND OF THE STATE FOR THE FISCAL YEAR~~
20 ~~BEGINNING JULY 1, 2001; AND~~

21 (II) ~~TO THE TRANSPORTATION TRUST FUND FOR EACH FISCAL~~
22 ~~YEAR BEGINNING ON OR AFTER JULY 1, 2002 BUT BEFORE JULY 1, 2007; AND~~

23 (III) ~~TO THE GENERAL FUND OF THE STATE FOR A FISCAL YEAR~~
24 ~~BEGINNING ON OR AFTER JULY 1, 2007.~~

25 17-106.

26 (e) (2) (I) A PENALTY ASSESSED UNDER THIS SUBSECTION SHALL BE
27 PAID AS FOLLOWS:

28 1. 70% TO BE ALLOCATED AS PROVIDED IN ~~SUBPARAGRAPH~~
29 ~~(H) SUBPARAGRAPHS (II) THROUGH (VII) OF THIS PARAGRAPH; AND~~

30 2. 30% TO THE ADMINISTRATION, WHICH MAY BE USED BY
31 THE ADMINISTRATION, SUBJECT TO SUBSECTION (F) OF THIS SECTION, TO PROVIDE
32 FUNDING FOR CONTRACTS WITH INDEPENDENT AGENTS TO ASSIST IN THE
33 RECOVERY OF EVIDENCES OF REGISTRATION AS AUTHORIZED IN SUBSECTION (D)(3)
34 OF THIS SECTION.

35 (II) FOR THE FISCAL YEAR BEGINNING JULY 1, 2001, THE
36 PERCENTAGE OF THE PENALTIES SPECIFIED UNDER SUBPARAGRAPH (I)1 OF THIS

1 PARAGRAPH SHALL BE ALLOCATED AMONG THE VEHICLE THEFT PREVENTION
 2 FUND, THE MARYLAND AUTOMOBILE INSURANCE FUND, THE MOTOR VEHICLE
 3 REGISTRATION ENFORCEMENT FUND, THE SCHOOL BUS SAFETY ENFORCEMENT
 4 FUND, THE TRANSPORTATION TRUST FUND, AND THE GENERAL FUND AS FOLLOWS:

5 1. \$2,000,000 TO THE VEHICLE THEFT PREVENTION FUND
 6 ESTABLISHED UNDER ARTICLE 88B, § 74 OF THE CODE;

7 2. THE AMOUNT DISTRIBUTED TO THE MARYLAND
 8 AUTOMOBILE INSURANCE FUND IN THE PRIOR FISCAL YEAR UNDER THE
 9 PROVISIONS OF THIS PARAGRAPH ADJUSTED BY THE CHANGE FOR THE CALENDAR
 10 YEAR PRECEDING THE FISCAL YEAR IN THE CONSUMER PRICE INDEX - ALL URBAN
 11 CONSUMERS - MEDICAL CARE AS PUBLISHED BY THE UNITED STATES BUREAU OF
 12 LABOR STATISTICS TO THE MARYLAND AUTOMOBILE INSURANCE FUND;

13 3. 1. \$400,000 TO THE MOTOR VEHICLE REGISTRATION
 14 ENFORCEMENT FUND;

15 4. 2. \$600,000 TO THE SCHOOL BUS SAFETY
 16 ENFORCEMENT FUND;

17 5. 3. \$6,000,000 \$11,600,000 TO THE TRANSPORTATION
 18 TRUST FUND; AND

19 6. 4. THE BALANCE TO THE GENERAL FUND.

20 (III) FOR THE FISCAL YEAR BEGINNING JULY 1, 2002, THE
 21 PERCENTAGE OF THE PENALTIES SPECIFIED UNDER SUBPARAGRAPH (I)1 OF THIS
 22 PARAGRAPH SHALL BE ALLOCATED AMONG THE VEHICLE THEFT PREVENTION
 23 FUND, THE MARYLAND AUTOMOBILE INSURANCE FUND, THE MOTOR VEHICLE
 24 REGISTRATION ENFORCEMENT FUND, THE SCHOOL BUS SAFETY ENFORCEMENT
 25 FUND, AND THE TRANSPORTATION TRUST FUND AS FOLLOWS:

26 1. \$2,000,000 TO THE VEHICLE THEFT PREVENTION FUND
 27 ESTABLISHED UNDER ARTICLE 88B, § 74 OF THE CODE;

28 2. THE AMOUNT DISTRIBUTED TO THE MARYLAND
 29 AUTOMOBILE INSURANCE FUND IN THE PRIOR FISCAL YEAR UNDER THE
 30 PROVISIONS OF THIS PARAGRAPH ADJUSTED BY THE CHANGE FOR THE CALENDAR
 31 YEAR PRECEDING THE FISCAL YEAR IN THE CONSUMER PRICE INDEX - ALL URBAN
 32 CONSUMERS - MEDICAL CARE AS PUBLISHED BY THE UNITED STATES BUREAU OF
 33 LABOR STATISTICS TO THE MARYLAND AUTOMOBILE INSURANCE FUND;

34 3. 1. \$400,000 TO THE MOTOR VEHICLE REGISTRATION
 35 ENFORCEMENT FUND;

36 4. 2. \$600,000 TO THE SCHOOL BUS SAFETY
 37 ENFORCEMENT FUND; AND

1 (3) "Costs" means operating costs of eligible local bus service, plus
2 operating costs under § 10-205 of this subtitle.

3 (4) "Service deficit" means costs less:

4 (i) The greater of:

5 1. Revenues collected under this section and § 10-205(b) of
6 this subtitle; or

7 2. 40 percent of the costs; and

8 (ii) All federal operating assistance.

9 (b) (1) Subject to the appropriation requirements and budgetary provisions
10 of § 3-216 of this article and upon receipt of an approval of a grant application in the
11 form or detail as the Secretary shall reasonably require, the Department shall provide
12 for annual grants to Prince George's County and Montgomery County for eligible local
13 bus service as defined in this section. The amount of these grants shall be equal to:

14 [(1)] (I) 100 percent of the service deficit attributable to each county;
15 less

16 [(2)] (II) Each county's share of the Department's annual grant to the
17 Washington Suburban Transit District as determined under § 10-205(b) of this
18 subtitle.

19 (2) NOTWITHSTANDING THE PROVISIONS OF THIS SECTION, THE
20 SECRETARY MAY AUTHORIZE PAYMENTS TO PRINCE GEORGE'S COUNTY AND
21 MONTGOMERY COUNTY:

22 (I) TO SUBSIDIZE NEW BUS SERVICE FOR A PERIOD OF 36 MONTHS
23 FROM THE INITIATION OF SERVICE; AND

24 (II) FOR THE LOSS OF REVENUES FROM FARE MODIFICATIONS FOR
25 A PERIOD OF 36 MONTHS FROM THE DATE OF THE MODIFICATION.

26 SECTION 4. AND BE IT FURTHER ENACTED, That the additional revenues
27 required to be distributed to the Transportation Trust Fund under this Act are
28 intended to include amounts sufficient to compensate the Transportation Trust Fund
29 for any reduction in revenues resulting from the credit allowed against the motor
30 vehicle excise tax under § 13-815 of the Transportation Article, in lieu of the
31 distribution formerly required under § 2-1302.1(b) of the Tax - General Article as it
32 existed prior to the effective date of this Act. Notwithstanding the provisions of
33 Section 2 of this Act, except as otherwise provided in this Section, the distribution
34 formerly required under § 2-1302.1(b) of the Tax - General Article shall be made for
35 each fiscal year until any Consolidated Transportation Bonds that were issued by the
36 Department of Transportation before July 1, 2001 no longer remain outstanding and
37 unpaid; provided, however, that in any fiscal year for which funds are appropriated by
38 the General Assembly to pay the principal of and interest on the Department of

1 Transportation's Consolidated Transportation Bonds due and payable in that fiscal
2 year, the distribution formerly required under § 2-1302.1(b) of the Tax - General
3 Article may not be made.

4 ~~SECTION 5. AND BE IT FURTHER ENACTED, That, for Fiscal Year 2002 only,~~
5 ~~the Department of Transportation may submit a budget amendment to increase, by~~
6 ~~up to \$5,000,000 the transit initiative's operating budget appropriation if~~
7 ~~Transportation Trust Fund revenues generated in Fiscal Year 2001-2002 exceed the~~
8 ~~Department's January 2001-2002 Transportation Trust Fund revenue projections.~~
9 ~~The additional appropriations for the transit initiative may not exceed the~~
10 ~~unanticipated growth in fiscal 2001-2002 revenues.~~

11 SECTION 5. AND BE IT FURTHER ENACTED, That it is the intent of the
12 General Assembly that the Department of Transportation shall reduce statewide
13 transit fares for weekly and monthly passes and advertise these fare reductions so that
14 low wage workers are aware of the reduced fares. To assist the General Assembly in
15 evaluating the effect of the fare reduction, the Department shall submit a report, in
16 accordance with § 2-1246 of the State Government Article, to the Senate Budget and
17 Taxation Committee, the House Appropriations Committee, and the House Committee
18 on Ways and Means that measures the effect and impact of the reduction of statewide
19 transit fares of weekly and monthly passes on ridership in fiscal 2002 and examines
20 the effect and impact of the transit fare reduction on low wage workers. The report is
21 due on or before October 1, 2002. In addition, it is the intent of the General Assembly
22 that the Department keep all other transit fares at their current levels through fiscal
23 2006.

24 ~~SECTION 3. 6. AND BE IT FURTHER ENACTED, That Section 1 of this Act~~
25 ~~shall take effect January 1, 2002 July 1, 2001.~~

26 ~~SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in~~
27 ~~Section 3 of this Act, this Act shall take effect July 1, 2001.~~